



Health Information Compliance Insider

A PLAIN-ENGLISH GUIDE TO HIPAA PRIVACY & SECURITY REGULATIONS

Survey Your Software Vendors' HIPAA Readiness Now

Now that the HIPAA regulations for electronic transactions and code sets are final, you have until October 2002 (2003 for small plans) to comply with them. If you're like most health care organizations that we've spoken with, you're probably relying in part on software vendors to help you comply. But vendors aren't covered directly by HIPAA. If, for instance, your software vendor fails to develop a product with the standard code sets in time for you to implement it by the HIPAA deadline, you (not the vendor) could be subject to any noncompliance penalties.

How can you be sure that your software vendors develop the products you need to meet the upcoming HIPAA deadline? Consider surveying all your software vendors now to see what steps they're taking to incorporate the HIPAA requirements into their software. That's what Waterbury Hospital in Connecticut is doing, says its chief information officer, James R. Olson.

By surveying your software vendors now, you'll be alerted to any problems they may have meeting the HIPAA requirements. You'll still have ample time to either address those problems with them or search for new vendors, if needed. To help you get the information you need, we've created a Model Letter (see p. 2) that asks vendors to fill out a survey for you. We've also created a Model Survey (see pp. 3–4). You can

adapt the letter and survey to suit your needs.

What to Say in the Letter

Your letter, like our Model Letter, should tell your software vendors that your organization is concerned about HIPAA compliance. Explain that the organization has started its HIPAA compliance efforts and that your letter to vendors is a key part of those efforts. Say that for you to complete your internal HIPAA assessment, you'll need their input on whether their software applications will fully support—that is, be capable of meeting—the final HIPAA standards for transactions and code sets.

Ask vendors to fill out the HIPAA survey that you've attached to the letter. Set a date for them to return the survey to you—for example, in 30 days or less. This gives them enough time to complete the survey and get any necessary approvals, such as from their legal or marketing departments, Olson says. If a vendor doesn't return the HIPAA survey within that timeframe or at all, it may be a sign that the vendor is having trouble with HIPAA, he says.

Insider Says: Don't wait to survey your software vendors, suggests data security officer Chris Apgar of Providence Health Plan. The HIPAA electronic transaction standards went into effect on Oct. 16, 2000, which means that the compliance clock is

now ticking. If you wait, you run the risk of wasting time and missing the HIPAA compliance deadline altogether, he warns.

What to Include in Survey

You can set up your survey, like our survey, in two parts:

Part I: Transaction standards.

Use six columns to ask about transaction standards. In the first column, list the eight transactions covered by the HIPAA regulations. In the second column, next to each transaction, list the standard or standards required by HIPAA for that transaction. Some transactions will have more than one transaction standard.

In the next two columns after each transaction standard, provide a space or box in which the vendor can indicate with a yes or no whether its software currently supports the standard or whether it will support the standard in the future. In column five, ask when it plans Beta releases—that is, trial versions of the software product released to customers for testing. In column six, get the timing for final releases of its supporting software.

Insider Says: Consider asking your vendors about two additional transactions—"health claims attachments" and "first report of injury," suggests Olson. They're included in our Model Survey. The final regulations listed both of these as covered "transactions," but didn't include

final transaction standards for them. They're expected to be the next transaction standards to be published. Asking about these now will give you an idea if the vendors are planning ahead and what changes you can anticipate, he suggests. "For that reason, we thought it made sense to ask our vendors about it," he says. But you won't always get the answers, warns Apgar. Some vendors will be reluctant to provide any information or timetables on standards that aren't yet final, he says.

Part II: Code set standards.

Use a five-column setup to ask about code set standards. In the first column, list the HIPAA-required standard code sets. In the next two columns, leave a space or box for the vendor to indicate whether its software currently supports the code set or will support it in the future. In the last two columns, ask when it plans Beta releases and final releases of its supporting software.

Insider Says: You can add any code set standards that you're concerned about or that are central to your business, suggests Olson. For example, you may want to include two code sets that aren't final, as our survey does—CPT-5* and ICD-10-CM. These code sets are likely to supersede the code set standards CPT-4 and ICD-9-CM in the future, Olson says. But because these code set standards aren't yet final, vendors may ignore them on your survey, Apgar points out. ■

Insider Sources

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James R. Olson: Chief Information Officer, The Greater Waterbury Health Network, Waterbury Hospital, 64 Robbins St., Waterbury, CT 06708.

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MODEL LETTER

Seek Software Vendors' Input on HIPAA Readiness

Here's a Model Letter to help you ask your software vendors about the state of their HIPAA efforts. It was developed with the help of James R. Olson, chief information officer at Waterbury Hospital.

The letter explains that you've begun your HIPAA compliance efforts and that you need vendor input to complete your HIPAA assessment. Send the letter out to all your software vendors, together with the attached survey on pp. 3–4.

Jan. 15, 2001

Re: HIPAA Compliance

Dear Vendor:

XYZ Provider is very concerned about complying with the Health Insurance Portability and Accountability Act (HIPAA) and its accompanying regulations. As you may know, the HIPAA standards for electronic transactions and code sets went into effect on Oct. 16, 2000. XYZ Provider is a "covered entity" under HIPAA, and we have begun our HIPAA compliance efforts. As part of those efforts, we are now surveying our software vendors regarding their plans for HIPAA compliance with the new standards. Your cooperation in this survey is an important part of our compliance efforts and our risk assessment.

We are defining software application HIPAA compliance as full support for:

- All required transaction standards; and
- All required code set standards.

Each of these requirements is defined in more detail in the attached survey. We are asking for your input as we work toward meeting the HIPAA requirements within the compliance deadline and in determining HIPAA compliance costs. Please fill out the survey completely and return it to our offices by Feb. 15, 2001.

Yours truly,
John Administrator

MODEL SURVEY

Ask Vendors About HIPAA Readiness

Here's a survey you can use to question your software vendors about how well their software complies with the HIPAA electronic transaction standards and code sets. It was developed with the help of James R. Olson, chief information officer of Waterbury Hospital, which is sending a similar survey to its software vendors.

The survey gives vendors an opportunity to tell you what they've done so far and what they're planning regarding the new HIPAA standards. Send it to all your software vendors, together with the Model Letter on p. 3.

XYZ PROVIDER HIPAA SURVEY

PART I: TRANSACTION STANDARDS

Below is a listing of the covered HIPAA transactions and the required HIPAA standards for each of them. Supply the requested information in the columns to the right of each standard. If the standard does not apply to your application enter "N/A" in the "Currently Supported?" column. Please indicate a month and year for the first planned Beta releases and the first planned production releases. If that is not possible, please indicate the quarter and year in which those releases are planned.

HIPAA Covered Transaction	Transaction Standard	Currently Supported?	Will Be Supported?	Beta Release Date	Production Release Date
Health claims or equivalent encounter information	Pharmacy—NCPDP Institutional—ASC X12N Health care claim (837) Professional—ASC X12N Health care claim (837) Dental—ADA Implementation guide for ASC X12N (837)				
Enrollment in, and removal from, a health plan	ASC X12N Benefit enrollment and maintenance (834)				
Eligibility for a health plan	ASC X12N Health care eligibility—benefit inquiry (270) ASC X12N Health care eligibility—benefit information (271)				
Health care payment and remittance advice	ASC X12N Health care claim—payment advice (835)				
Health plan premium payments	ASC X12N Consolidated service invoice—statement (811) ASC X12N Payment order—remittance advice (820)				
Health claim status	ASC X12N Health care claim status request (276) ASC X12N Health care claim status notification (277)				
Referral authorization	ASC X12N Health care service review information (278)				
Coordination of benefits	Pharmacy—NCPDP Institutional—ASC X12N Health care claim (837) Professional—ASC X12N Health care claim (837) Dental—ADA Implementation guide for ASC X12N (837)				
Health claims attachments*	ASC X12N Patient information (275) with binary segment with HL7 content				
First report of injury*	ASC X12N Report of injury, illness, or incident (148)				

*There are no final HIPAA standards for this transaction at this time. It's included here because it's our expectation that HIPAA standards will be adopted for this transaction in the near future.

PART II: CODE SETS

In the table below, the HIPAA required code set standards are listed in the first column. Supply the requested information in the columns to the right of each standard. If the standard does not apply to your application, enter N/A in the "Currently Supported?" column. Please indicate a month and year for the first planned Beta releases and the first planned production releases. If that is not possible, please indicate the quarter and year in which those releases are planned.

HIPAA Required Code Set Standard	Currently Supported?	Will Be Supported?	Beta Release Date	Production Release Date
ICD-9-CM: classifies both diagnosis and procedures for administrative transactions				
ICD-10-CM update: will classify both diagnosis and procedures for administrative transactions*				
CPT-4: used by physicians to code their services for administrative transactions; level-one of HCPCS				
CPT-5 update: will be used by physicians to code their services for administrative transactions; level-one of HCPCS*				
Alpha-numeric HCPCS: used for coding medical equipment, injectable drugs, transportation services, and other services not found in CPT-4; level-two of HCPCS				
HCPCS local codes elimination: level-three of HCPCS; use of local codes must be terminated under HIPAA				
CDT-2: used for reporting dental services; also included in HCPCS with a first digit of D				
NDC: used for reporting prescription drugs in pharmacy transactions as well as in some claims by health care professionals				

*This is not a HIPAA-required code set standard at this time. It's included in this survey because it's our expectation that it will be adopted as a HIPAA code set standard in the future.